

BRIEFING PAPER FOR NSC MEETING

ON

THE MONITORING OVERSEAS DIRECT EMPLOYMENT (MODE) SYSTEMBackground

On July 24, 1981 the President approved a review of the utility of the State Department-managed system for monitoring overseas direct employment. This system was designed to minimize U.S. presence overseas.

Under the MODE system, each agency's plans for changes in the allocation of overseas positions by country must be approved by the State Department on a case-by-case basis.

Four Presidents since 1968 have expressed strong interest in the staffing size of U.S. diplomatic missions abroad. A system was established in 1969 to implement at least a 10% reduction in total U.S. civilian and certain military presence overseas. This was a prelude to U.S. disengagement from South Vietnam. The present system called MODE was established in October, 1974 by an NSC Directive. The MODE system was given increased emphasis by President Carter, who was personally interested in reducing employment at overseas diplomatic missions.

The Review

The NSC staff, with the cooperation of OMB and eight agencies, reviewed the utility of the MODE system and identified three options:

1. Abolish MODE system and discontinue Presidential overseas personnel ceilings.
2. Abolish MODE system, retain Presidential overseas personnel ceilings.
3. Modify MODE system, retain Presidential overseas personnel ceilings.

The final review meeting with the agencies did not result in a consensus. The current system and options are outlined in the following table.

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Review on December 1, 1987

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Summary of Current System and Options

	<u>Decision Point for Disputes between Ambassador and Agency</u>	<u>Personnel Data Base</u>	<u>Annual Ceilings in Budget</u>	<u>Out-of-Cycle Ceiling Increase</u>
Current System	Regional Assistant Secretary of State	State	Yes	OMB Approval
Options				
1. Abolish MODE system and ceilings....	Agency Head (unless Ambassador appeals to Secretary of State who may refer the issue to NSC.)	State	No	Not Applicable
2. Abolish MODE system but retain ceilings....	Agency Head (within ceiling, unless Ambassador objects. Agency Head or Ambassador may refer the issue to NSC.)	Agency	Yes	OMB Approval
3. Modify MODE system and retain ceilings....	Chief of Mission within ceiling, unless agency head appeals to Presi- dentially-designated decision authority.)	State	Yes	OMB Approval

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Defense, CIA, Agriculture, Commerce, and Justice favor Option 2. These agencies believe that the MODE system should be abolished because it is counterproductive to accomplishing program objectives overseas due to inordinate bureaucratic delays and micromanagement by the State Department in processing requests for overseas positions. These agencies also believe that in the interests of efficiency they can work directly with Chiefs of Mission to reach agreement on the allocation by country of overseas positions. In the event of a disagreement between an agency head and a Chief of Mission, the issue could be appealed to the NSC System for resolution. OMB concurs with these beliefs. The five agencies and OMB staff believe the normal budget review process should be used to control the overall level of overseas employment.

State, the Agency for International Development (AID) and the International Communication Agency (ICA) support Option 3. In State's judgment, abolishing the MODE system would be widely perceived as a serious erosion of the statutory authority of Chiefs of Mission. State proposes modifying the MODE system to encourage improved communications among agencies, Chiefs of Mission, and the State Department and to provide an expeditious appeal process to the Executive Office of the President (NSC and/or OMB). The involvement of State in the modified MODE system is seen as being of critical assistance to Chiefs of Mission for the supervision of their missions.

All agencies recognize and support the authority of the Chiefs of Mission over U.S. personnel assigned to diplomatic missions. Both Option 2 and Option 3 provide for full consultation with Chiefs of Mission on agency overseas personnel assignments and for an appeal process in the Executive Office of the President to resolve disputes.

In sum, the key issue to be resolved is whether the MODE system of case-by-case review of agency overseas personnel assignments, operated centrally by the State Department, is critical to enabling Chiefs of Mission to exercise their authority effectively.

A summary of agency views and comments is attached.

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## Summary of Agencies' Views and Comments

Defense and CIA support Option 2 because Presidential ceiling controls would be established in the budget process and administered very effectively while abolishing the MODE system; a timely and responsive appeal process would be guaranteed by the designation of an objective third party in the Executive Office of the President (NSC); data base requirements would be continued as a responsibility of program managers, and data would be made available as required; actions on overseas personnel involving changes in staffing would be taken in full consultation with the appropriate Chiefs of Mission; and agency heads would have full control over available resources in order to administer effectively their assigned programs. They further believe that Option 2 is more responsive than the other options to the President's commitment to strengthen national security while ensuring that available resources are managed effectively and economically.

Agriculture prefers Option 1, but would support Option 2. They oppose Option 3 because it provides for a system that is very similar to the present system and would not achieve the basic goal of making the system work more smoothly and efficiently. They believe that the ambassador's recommendations on staffing should be fully considered, but do not believe that ambassadors should have the final word on the staffing at each overseas post because they may not have a broad and complete understanding of an agency's worldwide policy objectives.

Justice believes that Option 2 best serves the interests of the Department of Justice. Because Option 3 retains many of the undesirable aspects of the current system, the Department cannot support that option.

Commerce supports Option 2 because this option would provide a balance between an agency's need to control allocation of its overseas resources, an ambassador's obligation to manage mission staffing, and the importance of accounting for U.S. presence overseas. It also establishes an important link between staffing levels and the budget process and permits agency management of staffing within approved levels. Finally, Option 2 promises to be a more efficient process since third-party, MODE clearance is replaced by direct contact between agencies and missions and time limits are established for appeal procedures.

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Review on December 1, 1987

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AID supports Option 3 because they believe it provides the best solution to the problems experienced under the present system. They further believe that the proposed modification under Option 3 allows for a decision-making process which should enhance the agency's ability to carry out development assistance goals overseas.

ICA supports Option 3 because this agency has had no problems with the operation of the MODE system and believes that the modifications under Option 3 will improve the system further.

State supports Option 3 as the only acceptable and workable option. State believes that OMB's annual budget review process focusing on agency-wide ceilings with overseas personnel ceilings for programs operating overseas is too broad to support the Chief of Mission's role adequately. Abolishing the MODE system, in State's judgment, would be perceived as a serious erosion of the Chiefs of Mission's statutory authority. State also believes it should be involved in reviewing agency requests for overseas positions. They further believe it would be difficult for the President to conduct an orderly, coordinated foreign policy without the MODE system.

OMB supports Option 2 and prefers that ceilings be reviewed every three years instead of annually because (1) overseas employment should be constrained by tight overall employment ceilings; and (2) the number of employees in diplomatic missions abroad is extremely small compared to overall employment and, therefore, does not warrant the effort that would be required annually by OMB and agencies to review and recommend annual ceilings. OMB would still reserve the option of conducting special reviews of overseas personnel as necessary.


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THE SECRETARY OF STATE

WASHINGTON

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MEMORANDUM FOR: The President

From: Alexander M. Haig, Jr. 

Subject: Monitoring the Official U.S.  
Presence Overseas

At your direction, the NSC staff has coordinated interagency views on the utility of retaining a Presidentially-directed program for monitoring the size of the U.S. Government presence in diplomatic missions overseas (known as MODE). This system, in effect since 1969, employs Presidentially approved personnel ceilings by agency to assist in controlling the size of staffs in our diplomatic missions abroad.

Defense and CIA are pressing hard to dismantle this system, arguing that it is inconsistent with your desire to rebuild our defense and intelligence capabilities worldwide. I strongly urge that a modified system of controls for the U.S. official presence overseas be retained, with overseas staffing ceilings by agency and with an effective appeals mechanism, to resolve disputes, vested in the Executive Office of the President. Without such a system it will be difficult for you and your personal representatives abroad to conduct an orderly, coordinated foreign policy.

This is not a bureaucratic struggle, nor is it a personal "turf" issue. Rather, it is a fundamental institutional question affecting the orderly conduct of foreign affairs. The dismantling of the existing system would be widely perceived by your personal representatives abroad as a serious erosion of their statutory authority which you recently reconfirmed to them by letter.

The disappearance of MODE would neither ease nor speed resolution of interagency disputes. It would only mean that such disputes would be debated and resolved in an untidy, uncoordinated way. Ultimately this would prove as unsatisfactory to other agencies

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as it would be to you and to Chiefs of Mission abroad. Indeed, it is predictable that a similar system would have to be recreated in the future.

Your letter to Chiefs of Mission specifically assures them they will receive the resources necessary to accomplish their missions, and conveys your expectation that these resources will be used in an effective and efficient manner and carefully related to priority activities. Your letter also calls on Chiefs of Mission to inform you when they believe the staffing of any agency is either inadequate or excessive to the performance of essential functions. A modified monitoring system will be of critical assistance to them in their efforts in this regard.

I strongly urge that a modified monitoring system for U.S. official presence overseas be maintained and that I have an opportunity to discuss these issues with you personally before your decision is made.


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CONFIDENTIAL

WASHINGTON

November 21, 1981

MEMORANDUM FOR: The President

FROM: Alexander M. Haig, Jr. 

Subject: Monitoring the Official U.S. Presence Overseas (MODE)

I wrote you on November 5, 1981 to urge that you retain a modified system for monitoring the U.S. Government's presence in diplomatic missions overseas.

Since then I have asked several of your newly appointed Ambassadors, both career and non-career, for their views. They all urge that modifications be made in the present system to make it more effective, but they all strongly believe that the system must be continued. Otherwise, they believe, their authority as your personal representatives abroad would be seriously undermined and the substance of your recent letter to them confirming that authority (copy at Tab 2) would be vitiated.

I attach (Tab 1) a short summary of their comments. I believe you will wish to weigh their views carefully. They go to the heart of preserving and enhancing your efforts to conduct a coherent, integrated foreign policy.

Attachments:

- Tab 1 - Summary of Ambassadors' Comments
- Tab 2 - President's Letter to Chiefs  
of Mission

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Ambassador Louis (London):

Without MODE we would witness unrestrained staff and program increases in other agencies, threatening your objective of fiscal restraint.

Ambassador Price (Brussels):

I must note that each agency by definition has a specific narrow focus and, quite naturally, places its own program requirements at the top of the priority list... President Reagan's letter clearly gives the responsibility for determining and controlling agency representation overseas to his Ambassadors....The DOD-CIA proposal (to dismantle the system) would undermine that concept by depriving Ambassadors of the overall review on which an informed judgment must be based.

Ambassador Cummings (Vienna):

I cannot conceive, during a period of tight budget constraints, how we could possibly scrap a system which has provided some control on "Topsy-ism" in our overseas establishments.

Ambassador Robinson (Ottawa):

A system allowing Washington agency heads to staff their operations abroad as they see fit after "consultations" with Chief of Mission seems contrary to my instructions to manage U.S. Government resources in Canada.

Ambassador Nesen (Canberra):

The existing MODE system is an essential tool by which I can carry out the responsibilities the President has personally and formally confirmed to me.

Ambassador Burns (Bonn):

Eliminate MODE and you have an establishment which no one could manage and which therefore could not adequately represent our national interest...The result would be an embassy that was an instrument for individual agencies rather than for carrying out the President's program.

Ambassador Mansfield (Tokyo):

MODE's disappearance would greatly diminish my ability to appropriately handle my overall mission in Japan and would have the potential to seriously distort the structure of my mission.

Ambassador Hartman (Moscow):

Dismantling the MODE system would invite in missions abroad a competition among U.S. agencies, a blurring of lines of authority, and a situation in which agencies work at cross-purposes.

Ambassador Stearns (Athens):

Elimination of MODE would run counter to the Administration's interest in controlling official presence abroad and undermine efforts to manage foreign affairs in a coherent and orderly fashion.

Ambassador Murphy (Jidda):

Losing control over, or at least an effective voice in, the level of other-agency programs would make a mockery of the President's delegation of authority to carry out his foreign policy. It is fallacious to argue that control over programs can be reduced without affecting control over policy.

Ambassador Hinton (San Salvador):

The present system has aided me in making the hard choices on where small increments of staffing would most effectively meet the highest priority of the U.S. Government's needs in Salvador...When the current crisis has been surmounted, who, if not the Ambassador under the MODE framework, is going to make the hard overall choices to convert this mission back to one whose size is appropriate for an underdeveloped country of under five million people?

Ambassador Moss (Panama):

The MODE system ensures, particularly in this critical period of scarce and increasingly expensive personnel resources, that all U.S. Government resources are carefully related and utilized according to priority in the conduct of policy and program activities.



September 22, 1981

MEMORANDUM FOR THE HEADS OF  
EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Authorities and Responsibilities of  
United States Chief of Mission

I am sending letters of instruction to each of my ambassadors and other Chiefs of American diplomatic missions outlining their authorities and responsibilities in accordance with applicable law (22 USC 3927). A copy of the text is attached. I expect your support and cooperation in insuring that the activities of your department/agency are conducted in accordance with these authorities and responsibilities of Chiefs of Mission. Please circulate this memorandum to your appropriate staffs in the United States and abroad.

*Ronald Reagan*

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to you my personal best wishes for the success of your mission in \_\_\_\_\_. As my personal representative

there, you, along with the Secretary of State, share with me the responsibility for the conduct of our relations with \_\_\_\_\_. I know we share a mutual conviction that carrying the American message of hope and freedom and advancing United States' interests abroad reinforces the foundations of peace. Together we are pledged to work for national strength and economic growth and to promote the values undergirding our Nation's unity and security.

I give you my full personal support as Chief of the United States Mission in/to \_\_\_\_\_ in the exercise of your strong statutory mandate under section 207 of the Foreign Service Act of 1980 -- (22 U.S.C. 3927) . I charge you to exercise full responsibility for the direction, coordination, and supervision of all United States Government officers and employees in the country or organization to which you are accredited, except for personnel under the command of a United States area military commander, personnel under the authority of the Chief of another United States Mission (for example, one accredited to an international organization), or personnel detailed to duty on the staff on an international organization. I expect you to oversee the operation of all United States Government programs and activities within that responsibility. I have notified all heads of departments and agencies accordingly and have instructed them to inform their personnel in the United States and abroad.

Executive coordination of all United States Government activities within your responsibility, I ask you to provide strong program direction and leadership of operations Mission-wide. Please instruct all personnel under your charge: it is their duty to keep you fully informed at all times about their activities so you can effectively direct, coordinate, and supervise United States programs and operations under your jurisdiction and recommend policies to Washington.

You will receive policy guidance and instructions from the Secretary of State, who is my principal foreign policy spokesman and advisor, or from me directly. I expect you to report with directness and candor. I want to emphasize that the Secretary of State has the responsibility not only for the activities of the Department of State and the Foreign Service but also, to the fullest extent provided by law, for the overall policy direction, coordination, and supervision of the United States Government activities overseas. There may be developments or decisions on which personnel under your authority disagree. The Secretary of State and I will always welcome the opportunity to consider your recommendations for alternative courses of action and policy proposals.

As you assume your duties, I know that you will do so with a strong commitment to impartial and equitable treatment of all U.S. Government personnel under your jurisdiction. Should any perceived inequities be amenable to elimination or mitigation by appeal to or negotiation with the host government, I urge

in a manner consistent with your author- with international law and established customary practice. Recognizing that various agencies operate under different legislation and regulations, should you consider legislative or executive policy changes to be desirable in this connection, you should recommend such changes through the Secretary of State. Additionally, fair treatment of all U.S. Government personnel regardless of race, color, creed, sex or national origin epitomizes our belief in and adherence to the principles of equality of opportunity, a value and concept that form an important element of the American democratic tradition.

As Commander-in-Chief, I have authority over United States military forces. On my behalf you have responsibility for the direction, coordination, supervision, and safety, including security from terrorism, of all Defense Department personnel in \_\_\_\_\_ except those forces under the operational command and control of a United States area military commander and personnel detailed to international organizations. Defense Attache offices, units engaged in security assistance, and other DOD components attached to your Mission, as well as other Defense Department activities which may have an impact upon the conduct of our diplomatic relations with \_\_\_\_\_ fall within your responsibility.

It is imperative that you maintain close relations with concerned United States area military commanders and Chiefs of Mission accredited to international organizations. A copy of

Your mission is to protect and advance the United States' interests abroad, and you will receive the resources necessary to accomplish that mission. At the same time, I expect that these resources will be used in an effective and efficient manner, and that they will be directly and carefully related to priority policy and program activities. You should inform the Secretary of State when you believe that staffing of any agency is either inadequate or excessive to the performance of essential functions.

Sincerely,

Ronald Rayon